

BATTLE CREEK TRANSIT SYSTEM

Battle Creek, Michigan

**Financial Statements
And
Supplementary Information**

**For the Year Ended
June 30, 2004**

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

| | | |
|---|--|---|
| Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other | Local Government Name Battle Creek Transit System | County Calhoun |
| Audit Date June 30, 2004 | Opinion Date October 29, 2004 | Date Accountant Report Submitted to State: November 17, 2004 |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting System for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised 1994.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

| We have enclosed the following: | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | X |
| Reports on individual federal financial assistance programs (program audits). | | | X |
| Single Audit Reports (ASLGU). | | | X |

| | | | |
|--|-----------------|-------------|--------------|
| Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA | | | |
| Street Address 5800 GRATIOT, PO BOX 2025 | City SAGINAW | State MI | Zip 48605 |
| Accountant Signature <i>Rehmann Robson</i> | | | |

BATTLE CREEK TRANSIT SYSTEM

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

October 29, 2004

Honorable Mayor and Members of
the City Commission
City of Battle Creek, Michigan

We have audited the accompanying financial statements of the ***Battle Creek Transit System, an enterprise fund of the City of Battle Creek, Michigan***, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the City of Battle Creek's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Battle Creek Transit System and do not purport to, and do not present fairly the financial position of the City of Battle Creek, Michigan, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Battle Creek Transit System, an enterprise fund of the City of Battle Creek, Michigan as of June 30, 2004, and the changes in financial position thereof and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Battle Creek Transit System. The information on pages 9 through 13 has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole. The information on pages 14 through 17 has not been subjected to the procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

FINANCIAL STATEMENTS

BATTLE CREEK TRANSIT SYSTEM
Statement of Net Assets
June 30, 2004

Assets

Current assets:

| | |
|---------------------|------------------|
| Grants receivable | \$ 784,517 |
| Inventory | 106,825 |
| Capital assets, net | <u>2,840,067</u> |

| | |
|--------------|------------------|
| Total assets | <u>3,731,409</u> |
|--------------|------------------|

Liabilities, all current

| | |
|--|----------------|
| Accrued payroll and compensated absences | 87,675 |
| Interfund payable to other funds of the City | <u>673,460</u> |

| | |
|---------------------------|----------------|
| Total current liabilities | <u>761,135</u> |
|---------------------------|----------------|

Net assets

| | |
|---|----------------|
| Investment in capital assets, net of related debt | 2,840,067 |
| Unrestricted | <u>130,207</u> |

| | |
|------------------|----------------------------|
| Total net assets | <u><u>\$ 2,970,274</u></u> |
|------------------|----------------------------|

The accompanying notes are an integral part of these financial statements.

BATTLE CREEK TRANSIT SYSTEM
Statement of Revenue, Expenses, and
Changes in Net Assets
For the Year Ended June 30, 2004

| | |
|--|---------------------|
| Operating revenue | |
| Line-haul (farebox) | \$ 325,084 |
| Charter service | 225 |
| Link revenue | 7,680 |
| Advertising | 24,540 |
| Other operating revenue | 34,370 |
| Total operating revenue | <u>391,899</u> |
| Operating expenses | |
| Operations | 3,032,873 |
| Maintenance | 629,249 |
| General administration | 378,157 |
| Total operating expenses | <u>4,040,279</u> |
| Operating loss | <u>(3,648,380)</u> |
| Non-operating revenue (expense) | |
| Federal grants | 1,187,244 |
| State grants | 1,624,524 |
| Total non-operating revenue | <u>2,811,768</u> |
| Net loss before transfers | (836,612) |
| Transfers in from other funds | 596,188 |
| Transfers out to other funds | <u>(4,500)</u> |
| Change in net assets | (244,924) |
| Total net assets, beginning of year | <u>3,215,198</u> |
| Total net assets, end of year | <u>\$ 2,970,274</u> |

The accompanying notes are an integral part of these financial statements.

BATTLE CREEK TRANSIT SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2004

| | |
|--|------------------------------|
| Cash flows from operating activities | |
| Receipts from customers and users | \$ 395,219 |
| Payments to suppliers | (832,687) |
| Payments to employees | (2,540,494) |
| Payments for interfund services | <u>(237,558)</u> |
| Net cash used in operating activities | <u>(3,215,520)</u> |
| Cash flows from non-capital financing activities | |
| Transfers in | 596,188 |
| Transfers out | (4,500) |
| Federal and state grants | <u>3,026,756</u> |
| Net cash provided by non-capital financing activities | <u>3,618,444</u> |
| Cash flows from capital and related financing activities | |
| Purchase of capital assets | <u>(402,924)</u> |
| Net decrease in cash and cash equivalents | - |
| Pooled cash and investments, beginning of year | <u>-</u> |
| Pooled cash and investments, end of year | <u><u>\$ -</u></u> |
| Reconciliation of operating loss to net cash used in operating activities | |
| Operating loss | \$ (3,648,380) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation | 672,892 |
| Changes in assets and liabilities: | |
| Accounts receivable | 3,320 |
| Inventory | (17,030) |
| Prepaid items | 110 |
| Accounts payable | (1,818) |
| Accrued payroll and compensated absences | 12,944 |
| Interfund payable | <u>(237,558)</u> |
| Net cash used in operating activities | <u><u>\$ (3,215,520)</u></u> |

The accompanying notes are an integral part of these financial statements.

BATTLE CREEK TRANSIT SYSTEM

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Battle Creek Transit System (the "System") is an enterprise fund of the City of Battle Creek, Michigan. The System provides public transportation services to users in the City of Battle Creek and portions of the surrounding area. The accounting policies of the System conform with generally accepted accounting principles as applicable to proprietary funds. A summary of significant accounting policies follows.

Reporting Entity - These financial statements represent the financial condition, results of operations and cash flows of an enterprise fund of the City of Battle Creek, Michigan (the "City") and are an integral part of that reporting entity. The System is not a component unit of the City or any other reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

Basis of Accounting - The System uses a fund (i.e., a separate accounting entity with a self-balancing set of accounts) to report its financial position, the results of its operations and its cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities.

The System is operated as an enterprise fund, which is used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The System applies all applicable FASB pronouncements issued through November 30, 1989 in accounting and reporting for its proprietary operations. The System has elected not to follow subsequent private-sector guidance.

Pooled Cash and Investments - The System's pooled cash and investments, if any, represents amounts deposited entirely in the City's internal cash management pool.

Inventory - Inventory is valued at cost using the first-in/first-out method.

Capital Assets - Capital assets, which include property and equipment, are reported at cost or, if donated, at their estimated fair value on the date donated. The System defines capital assets as assets with an initial, individual cost of \$10,000 or more and estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

BATTLE CREEK TRANSIT SYSTEM

Notes To Financial Statements

The System's capital assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------|--------------|
| Land improvements | 5-50 |
| Buildings | 50 |
| Equipment | 3-10 |
| Furniture and fixtures | 6-10 |
| Vehicles | 7-10 |

Compensated Absences - Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

2. POOLED CASH AND INVESTMENTS

The System, along with the various other funds of the City, participates in the City's pooled cash management accounts. At June 30, 2004, the System had a negative cash balance in the City's cash pool of \$673,460, which is reported in the accompanying statement of net assets as an *interfund payable*. Information regarding this internal cash management pool is presented in the City's comprehensive annual financial report.

BATTLE CREEK TRANSIT SYSTEM

Notes To Financial Statements

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004, was as follows:

| | Beginning | | | Ending |
|---|------------------|------------------|------------------|----------------|
| | Balance | Increases | Decreases | Balance |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 66,499 | \$ - | \$ - | \$ 66,499 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 26,130 | - | - | 26,130 |
| Buildings | 2,353,297 | 46,088 | - | 2,399,385 |
| Equipment | 1,125,289 | - | - | 1,125,289 |
| Furniture and fixtures | 375,659 | - | - | 375,659 |
| Vehicles | 6,456,363 | 356,836 | - | 6,813,199 |
| Total capital assets being depreciated | 10,336,738 | 402,924 | - | 10,739,662 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 11,759 | 2,613 | - | 14,372 |
| Buildings | 582,881 | 78,441 | - | 661,322 |
| Equipment | 1,084,794 | 125,417 | - | 1,210,211 |
| Furniture and fixtures | 209,765 | 50,370 | - | 260,135 |
| Vehicles | 5,404,003 | 416,051 | - | 5,820,054 |
| Total accumulated depreciation | 7,293,202 | 672,892 | - | 7,966,094 |
| Total capital assets being depreciated, net | 3,043,536 | (269,968) | - | 2,773,568 |
| System capital assets, net | \$ 3,110,035 | \$ (269,968) | \$ - | \$ 2,840,067 |

4. RISK MANAGEMENT

The System participates in the City's self-insurance program for liability and worker's compensation insurance coverage. Property insurance coverage is provided by commercial carriers through the City's self-insurance fund.

BATTLE CREEK TRANSIT SYSTEM

Notes To Financial Statements

5. CONTINGENCIES

Amounts received or receivable under grant programs are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the System. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**SUPPLEMENTARY
INFORMATION**

BATTLE CREEK TRANSIT SYSTEM
Schedule of Operating and Non-Operating Revenue
For the Year Ended June 30, 2004

| | 7/1/03 through 9/30/03 | 10/1/03 through 6/30/04 | Total |
|--|------------------------------|-------------------------------|---------------------|
| Operating revenue | | | |
| Line-haul (farebox) | \$ 84,232 | \$ 240,852 | \$ 325,084 |
| Charter service | 225 | - | 225 |
| Link revenue | 5,160 | 2,520 | 7,680 |
| Advertising | 9,050 | 15,490 | 24,540 |
| Other operating revenue | 33,612 | 758 | 34,370 |
| | <u>132,279</u> | <u>259,620</u> | <u>391,899</u> |
| Total operating revenue | <u>\$ 132,279</u> | <u>\$ 259,620</u> | <u>\$ 391,899</u> |
| Non-operating revenue (expense) | | | |
| Federal grants: | | | |
| Operating grant - Section 9 | \$ - | \$ 847,224 | \$ 847,224 |
| Planning grants | - | 340,020 | 340,020 |
| | <u>-</u> | <u>1,187,244</u> | <u>1,187,244</u> |
| State of Michigan grants: | | | |
| Formula operating assistance | 351,708 | 1,103,069 | 1,454,777 |
| Planning grants | - | 169,747 | 169,747 |
| | <u>351,708</u> | <u>1,272,816</u> | <u>1,624,524</u> |
| Transfers in from other funds | 149,046 | 447,142 | 596,188 |
| Transfers out to other funds | <u>(1,125)</u> | <u>(3,375)</u> | <u>(4,500)</u> |
| Total non-operating revenue | <u>\$ 499,629</u> | <u>\$ 2,903,827</u> | <u>\$ 3,403,456</u> |

BATTLE CREEK TRANSIT SYSTEM
Schedule of Operating Expenses
For the Year Ended June 30, 2004

| | <u>Operations</u> | <u>Maintenance</u> | <u>General Administration</u> | <u>Total</u> |
|---------------------------------|----------------------------|--------------------------|-----------------------------------|----------------------------|
| Labor: | | | | |
| Operators' salaries and wages | \$ 1,141,919 | \$ - | \$ - | \$ 1,141,919 |
| Other salaries and wages | - | 224,274 | 142,172 | 366,446 |
| Fringe benefits | 799,902 | 160,012 | 85,041 | 1,044,955 |
| Services: | | | | |
| Advertising | - | - | 9,183 | 9,183 |
| Other services | 135,377 | 99,040 | 41,266 | 275,683 |
| Materials and supplies: | | | | |
| Fuel and lubricants | 115,570 | - | - | 115,570 |
| Other materials and supplies | 155,352 | 52,242 | 10,330 | 217,924 |
| Utilities | - | - | 37,634 | 37,634 |
| Insurance expense | - | 93,280 | 38,216 | 131,496 |
| Leases and rentals | 11,861 | 401 | 1,771 | 14,033 |
| Depreciation | 672,892 | - | - | 672,892 |
| Miscellaneous expense | - | - | 12,544 | 12,544 |
| Total operating expenses | <u><u>\$ 3,032,873</u></u> | <u><u>\$ 629,249</u></u> | <u><u>\$ 378,157</u></u> | <u><u>\$ 4,040,279</u></u> |

BATTLE CREEK TRANSIT SYSTEM
Schedule of Expenses by Charter Contract and General Operations
For the Year Ended June 30, 2004

| | <u>Charter Contract</u> | <u>General Operations</u> | <u>Total</u> |
|---------------------------------|-----------------------------|-------------------------------|---------------------|
| Labor: | | | |
| Operators' salaries and wages | \$ 150 | \$ 1,141,769 | \$ 1,141,919 |
| Other salaries and wages | - | 366,446 | 366,446 |
| Fringe benefits | - | 1,044,955 | 1,044,955 |
| Services: | | | |
| Advertising | - | 9,183 | 9,183 |
| Other services | - | 275,683 | 275,683 |
| Materials and supplies: | | | |
| Fuel and lubricants | - | 115,570 | 115,570 |
| Other materials and supplies | - | 217,924 | 217,924 |
| Utilities | - | 37,634 | 37,634 |
| Insurance expense | - | 131,496 | 131,496 |
| Leases and rentals | - | 14,033 | 14,033 |
| Depreciation | - | 672,892 | 672,892 |
| Miscellaneous expense | - | 12,544 | 12,544 |
| Total operating expenses | <u>\$ 150</u> | <u>\$ 4,040,129</u> | <u>\$ 4,040,279</u> |

BATTLE CREEK TRANSIT SYSTEM
Net Eligible Cost Computations of General Operations
For the Grant Year Ended September 30, 2003

| | 7/1/03 through 9/30/03 | 10/1/03 through 6/30/04 | Total |
|---|------------------------------|-------------------------------|---------------------|
| Expenses | | | |
| Labor | \$ 368,103 | \$ 1,140,262 | \$ 1,508,365 |
| Fringe benefits | 256,054 | 788,901 | 1,044,955 |
| Services | 67,410 | 217,456 | 284,866 |
| Materials and supplies | 72,837 | 260,657 | 333,494 |
| Utilities | 4,005 | 33,629 | 37,634 |
| Insurance expense | 32,874 | 98,622 | 131,496 |
| Leases and rentals | 480 | 13,553 | 14,033 |
| Depreciation | 168,223 | 504,669 | 672,892 |
| Miscellaneous expense | 3,136 | 9,408 | 12,544 |
| Total expenses | 973,122 | 3,067,157 | 4,040,279 |
| Less ineligible expenses and contra-expenses | | | |
| Michigan Public Transit Association dues | 3,449 | - | 3,449 |
| American Public Transit Association dues | 4,320 | - | 4,320 |
| Charter service revenue | 225 | - | 225 |
| Total ineligible expenses and contra-expenses | 7,994 | - | 7,994 |
| Eligible expenses | <u>\$ 965,128</u> | <u>\$ 3,067,157</u> | <u>\$ 4,032,285</u> |

BATTLE CREEK TRANSIT SYSTEM
Net Eligible Cost Computations of
General Operations (Concluded)
For the Grant Year Ended September 30, 2003

| | |
|--|---------------------|
| Eligible expenses - 10/1/02 through 6/30/03 | \$ 3,045,922 |
| Eligible expenses - 7/1/03 through 9/30/03 | <u>965,128</u> |
| Total eligible expenses - grant year ended 9/30/03 | <u>\$ 4,011,050</u> |
| Maximum state operating assistance | |
| Greater of: | |
| 42.23% of eligible expenses | <u>\$ 1,693,866</u> |
| 1997 operating assistance (mandatory floor) | <u>\$ 972,388</u> |
| Maximum state operating assistance * | <u>\$ 1,693,866</u> |

* Reimbursement based on 45.0079% of eligible expenses.

BATTLE CREEK TRANSIT SYSTEM
Schedule of Vehicle Miles
For the Year Ended June 30, 2004
(Unaudited)

| | <u>Line-Haul</u> | <u>Demand-Response</u> | <u>Charter</u> | <u>Total</u> |
|--|-----------------------|------------------------|------------------|-----------------------|
| First quarter (July - September) | 116,739 | 56,742 | 25 | 173,506 |
| Second quarter (October - December) | 116,739 | 52,867 | - | 169,606 |
| Third quarter (January - March) | 116,739 | 54,020 | - | 170,759 |
| Fourth quarter (April - June) | <u>116,739</u> | <u>50,454</u> | <u>-</u> | <u>167,193</u> |
| Total | <u><u>466,956</u></u> | <u><u>214,083</u></u> | <u><u>25</u></u> | <u><u>681,064</u></u> |

The methodology used for compiling mileage has been reviewed and found to be an adequate and reliable method for recording vehicle mileage.

BATTLE CREEK TRANSIT SYSTEM
Schedule of Vehicle Hours
For the Year Ended June 30, 2004
(Unaudited)

| | <u>Line-Haul</u> | <u>Demand-Response</u> | <u>Charter</u> | <u>Total</u> |
|--|----------------------|------------------------|-----------------|----------------------|
| First quarter (July - September) | 7,857 | 5,008 | 3 | 12,868 |
| Second quarter (October - December) | 7,857 | 4,767 | - | 12,624 |
| Third quarter (January - March) | 7,857 | 4,939 | - | 12,796 |
| Fourth quarter (April - June) | <u>7,857</u> | <u>4,816</u> | <u>-</u> | <u>12,673</u> |
| Total | <u><u>31,428</u></u> | <u><u>19,530</u></u> | <u><u>3</u></u> | <u><u>50,961</u></u> |

The methodology used for compiling vehicles hours has been reviewed and found to be an adequate and reliable method for recording such information.

BATTLE CREEK TRANSIT SYSTEM
Schedule of Federal Grant Funding
For the Year Ended June 30, 2004

| <u>Federal/Pass-through Grantor Program Title/Program Number</u> | <u>Award Amount</u> | <u>(Accrued) Deferred Revenue at 6/30/2003</u> | <u>Federal Receipts</u> | <u>Federal Expenditures</u> | <u>(Accrued) Deferred Revenue at 6/30/2004</u> | <u>Federal Revenue Recognized</u> |
|---|-------------------------|--|-----------------------------|---------------------------------|--|---|
| U.S. Department of Transportation - Federal Transit Administration | | | | | | |
| CFDA Number 20.507 - Capital, Planning and Operating Assistance (Section 5307): | | | | | | |
| Capit MI-90-X356 | \$ 301,083 | \$ 2,544 | - | \$ 3,142 | \$ (598) | \$ 3,142 |
| Oper. MI-90-X419 | 734,018 | (734,018) | 734,018 | - | - | - |
| Oper. MI-90-X419 | 100,000 | - | 100,000 | 100,000 | - | 100,000 |
| Oper. MI-90-X440 | 747,224 | - | - | 747,224 | (747,224) | 747,224 |
| CFDA Number 20.509 - Intercity Terminal (Section 5311): | | | | | | |
| Inter. MI-18-0028/0030 | 253,970 | (202,559) | 253,969 | 51,410 | - | 51,410 |
| CFDA Number 20.500 - Federal Transit Capital Investment Grants (Section 5307): | | | | | | |
| Faret MI-90-X195 | 285,468 | - | 270,587 | 285,468 | (14,881) | 285,468 |
| Total federal financial assistance | | <u>\$ (934,033)</u> | <u>\$ 1,358,574</u> | <u>\$ 1,187,244</u> | <u>\$ (762,703)</u> | <u>\$ 1,187,244</u> |

Federal funding is recorded in the financial statements as follows:

| | |
|-----------------------|---------------------|
| Non-operating revenue | |
| Capital contributions | \$ 1,187,244 |
| Total | <u>\$ 1,187,244</u> |

Grants receivable per financial statements:

| | |
|--------------------------------|-------------------|
| Federal funding (per above) | \$ 762,703 |
| State funding (per page 17) | <u>21,814</u> |
| Total per financial statements | <u>\$ 784,517</u> |

BATTLE CREEK TRANSIT SYSTEM
Schedule of State Grant Funding
For the Year Ended June 30, 2004

| State/Pass-through Grantor Program Title/Program Number | | Award Amount | (Accrued) Deferred Revenue at 6/30/2003 | State Receipts | State Expenditures | (Accrued) Deferred Revenue at 6/30/2004 | State Revenue Recognized |
|--|---------------|-----------------|--|---------------------|-----------------------|--|--------------------------------|
| Michigan Department of Transportation Capital, Planning, and Operating Assistance: | | | | | | | |
| Capital 1999 | 2001-0853 | \$ 76,468 | \$ 636 | \$ - | \$ 636 | \$ - | \$ 636 |
| Spec Svc 2003 | 2003-0013 | 85,740 | (15,468) | 17,949 | 2,481 | - | 2,481 |
| Operating FY 2004 | | n/a | | 1,454,778 | 1,454,778 | - | 1,454,778 |
| Intercity Terminal | MI-18-0028 | 63,492 | (50,640) | 63,492 | 12,852 | - | 12,852 |
| Fare Box System | Discretionary | n/a | - | 67,648 | 71,367 | (3,719) | 71,367 |
| Spec Svc 2004 | 2004-0013 | 82,410 | - | 64,315 | 82,410 | (18,095) | 82,410 |
| Total state financial assistance | | | <u>\$ (65,472)</u> | <u>\$ 1,668,182</u> | <u>\$ 1,624,524</u> | <u>\$ (21,814)</u> | <u>\$ 1,624,524</u> |

State funding is recorded in the financial statements as follows:

Non-operating revenue
Capital contributions

\$ 1,624,524

Total per financial statements

\$ 1,624,524